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USDA FOR SECRETARY THOMAS JAMES VILSACK  
USDA/FAS/ONA/BERTSCH  
STATE PASS USTR FOR WEISEL

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [ETRD](#) [EAID](#) [RP](#)

SUBJECT: Proposed U.S. Agribusiness Trade and Investment Mission to the Philippines

Ref: 08 Manila 820

¶1. Summary: Post has received a copy of a letter from Philippine Secretary of Agriculture Arthur Yap congratulating U.S. Secretary of Agriculture Thomas Vilsack on his confirmation (full text of letter in para 7). The letter encourages a U.S. agribusiness trade and investment mission to the Philippines in the first half of 2009. Post recommends that, if his schedule allows, Secretary Vilsack accept Secretary Yap's invitation and lead such a mission to the Philippines. End summary.

¶2. The Philippines is a key market in Southeast Asia for U.S. agricultural exports, with record sales of over \$1.7 billion in FY ¶2008. The top U.S. exports last year were wheat (\$639 million); soybean and soybean meal (\$335 million) and dairy (\$223 million). A net food importer, the Philippines is the second largest market in Southeast Asia and the 17th largest global market for U.S. agricultural products. The United States is the top food and beverage supplier to the Philippines. Agriculture is also important to the Philippine economy, accounting for approximately 18.3 percent of Philippine GDP and employing over 11.5 million workers (one-third of the workforce).

¶3. The Philippines has demonstrated support for U.S. agricultural interests, including statements on food aid and monetization in the WTO. In 2007 it became the first market in Asia to permit market access for U.S. beef and beef products of all cuts and ages following the 2003 detection of BSE in the United States. The Philippines is the first and only Asian country to approve the planting of a biotechnology food crop (corn) and remains a consistent supporter of rational, science-based regulations in many international agencies dealing with biotechnology.

¶4. USDA has a long history of providing technical assistance to the Philippines. In 2008, the Philippines was the largest recipient of Food for Progress grants, which totaled over \$24 million to help develop the local dairy, rice, coconut, coffee and cocoa sectors. The Philippines will again be a priority food aid country for FY ¶2009. The Philippines is the largest recipient of USDA food aid programs in Asia, with PL 480 Title I allocations reaching \$200 million (cumulative) since FY 2000. USDA has also provided assistance to the Philippines via the Cochran Fellowship Program and the Norman E. Borlaug International Agricultural Science and Technology Fellows Program, and through regional workshops and training offered through international organizations. In 2008, the Philippines obtained a \$75 million export credit guarantee, under GSM 102, which it used to buy some 72,000 metric tons of rice from the United States.

¶5. In 2008, USDA Secretary Edward Schafer and the Philippine Department of Agriculture Secretary Arthur Yap signed a Memorandum of Agreement on Cooperation in Agriculture and Related Fields. The new Agreement established an enhanced cooperative relationship in

agricultural technical assistance and trade capacity building with a focus on assisting the Philippines to revitalize its agricultural sector, particularly in Mindanao.

¶6. There are also difficult market access issues with the Philippines. At present, the Philippines is proposing changes to its tariff rate quota system (affecting especially U.S. exports of pork and poultry) which could be very problematic for U.S. suppliers. We believe a visit by Secretary Vilsack to the Philippines in the first half of 2009 would provide valuable leverage on this issue, as well as enhancing U.S.-Philippines Agricultural ties. There has not been a visit of a U.S. Secretary of Agriculture to the Philippines in recent years.

¶7. Begin text of Yap's letter:

January 20, 2009

Honorable Secretary Thomas James Vilsack  
United States Trade Department of Agriculture  
Washington, D.C.  
United States of America

Dear Secretary Vilsack:

It is with great pleasure that I congratulate you on your confirmation as Agriculture Secretary. I wish you the best and look forward to working with you in making agriculture a pillar of the strong relationship between our countries.

Prior to your appointment, a U.S. agribusiness trade and investment mission to the Philippines was scheduled in the latter part of 2008 but was postponed for the first semester of 2009. It would be

fitting for you to lead this mission which can give both our agribusiness sectors a boost while exploring further areas of collaboration.

On this occasion, we would be pleased to show you the country's gains in food security through gains in rice, fisheries and biofuels.

The month of March is an opportune time for you and your delegation to visit the Philippines. Please let us know if this proposal will work for you.

Finally, we hope for the best as we work towards revitalizing our countries' strong strategic partnership in agricultural cooperation. One mechanism is through joint implementation of the Memorandum of Agreement (MOA) on Agriculture and Related Fields which our agencies have entered onto on June 24, 2008 and whose signing was witnessed by President Gloria Macapagal Arroyo during her working visit to the United States. Collaboration particularly in science and technology to advance agricultural productivity and trade is one common interest we can enhance further.

Thank you and best wishes.

Very truly yours,

Arthur C. Yap  
Secretary

End text. (We understand that the original letter was delivered directly from the Philippine Embassy Washington DC to the U.S. Agriculture Secretary's Office.)

KENNEY